



# INDIANA STATE BOARD OF EDUCATION

## **Memorandum Regarding The Charter and Innovation School Advance Program Revised March 2, 2016**

Public Law 213-2015, SEC. 232, establishes the Charter and Innovation School Advance Program, to be administered by the State Board of Education ("State Board") per Indiana Code ("IC") 20-49-9. All questions about the Advance Program should be addressed to [applications@sboe.in.gov](mailto:applications@sboe.in.gov).

### *Application*

The State Board will accept [applications](#) for loans from qualifying charter and innovation network schools, which will begin operation for the 2016-2017 school year, from March 18, 2016 through May 20, 2016. The application must be signed by an authorized representative for the school and, in the case of a charter school, by the board president or chairperson of the charter school organizer. A copy of the application submitted by a charter school will be provided to the charter school's authorizer.

Applications may be sent by regular mail to:

State Board of Education  
Attn: Executive Director  
143 W. Market Street, Suite 500  
Indianapolis, IN 46204

Or by email to [applications@sboe.in.gov](mailto:applications@sboe.in.gov). Please put "Charter/Innovation School Advance Program Application" in the subject line of the email.

The State Board will make every effort to review each application and make a determination as soon as possible after the window closes.

### *Eligibility*

A charter school planning its first year of operation for the 2016-17 school year is eligible for the advance.

A charter school that will not be in its first year of operation for the 2016-17 school year is not eligible. Further, Virtual charter schools and adult high schools (as defined in IC 20-24-1-2.3) are not eligible for an advance.

### *Allocation of Advance Funds*

The total amount of advances that the State Board can make this year – for schools beginning operation in the 2016-2017 year - may not exceed ten million dollars (\$10,000,000). Funds will be made available following approval of applications at a state board business meeting this summer.

Additional information regarding allocation, including the priority of funding in the case of oversubscription, will be addressed by the State Board in the coming months.

### *Terms of the Advance*

The following apply to advances made under this Program:

1. Interest shall be charged at the rate of one percent (1%) per year.
2. The outstanding advance amount at any one (1) time for a particular school may not exceed five million dollars (\$5,000,000). A school may receive multiple advances from the fund as long as the total amount outstanding on all advances to the school from the fund does not exceed this maximum amount.
3. The term of the advance may not exceed ten (10) years after the date of the advance.
4. Advance proceeds must be used for educational purposes (as determined by the State Board). Advance proceeds may be used to refinance existing debt.

Please note that advances are made to schools, not any other entity. Regardless of a school's relationship with a management organization, the school retains responsibility for the all aspects of the advance including, but not limited to application submission, budget decisions, and repayment of any funds. Items purchased by the school with advance funds are and remain the property of the school, not the management organization.

### *Purchase of School Facilities*

If advance proceeds are used to construct or purchase a school facility, the school must provide the state board with an adequate security interest for the repayment of the advance, in a form and amount determined by the Indiana Department of Administration. The form and type of the security interest will be determined on a case by case basis. If the building is sold, the State Board will re-determine the adequacy of its security interest and may hold a public hearing to determine whether any tax dollar equity funded with the advance should be paid to the state.

### *Repayment*

Any school that is awarded an advance must enter into an Agreement before receiving funds. The terms of the Agreement will include a provision allowing the State Board to withhold funds due to a school to which an advance is made until the advance is paid. If funds are withheld, they will be withheld from the distribution of state tuition support to the school to which the advance is made. If the state tuition support distribution is unavailable or inadequate, funds may be withheld from any other distribution of state funds to the school.